

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), Grade AA butter increased 16 cents to \$1.6500, Grade A increased 23 cents to \$1.6500, and Grade B increased 23 cents to \$1.6500. Also at the CME, barrel cheese increased 1 cent to \$1.2100 and 40# blocks increased 2 cents to \$1.2500.

According to NASS, milk production in the 20 major states during April totaled 11.6 billion pounds, 1.0% above production in these same states in April 1997. March revised production, at 11.7 billion pounds, was 0.7% above March 1997. Production per cow averaged 1,496 pounds for April, 22 pounds (1.5%) above April 1997. The number of cows on farms was 7.73 million head, down 32,000 head (0.4%) from April 1997 but up 6,000 from March 1997.

The April 1998 Consumer Price Index (CPI) for all food is 159.3, up 2.0% from April 1997. The dairy products index, at 148.5, is 1.9% higher than a year ago. The April to April changes in selected dairy products are: fresh whole milk +2.6%, cheese +1.1%, and butter +7.9%.

According to NASS, U.S. cold storage holdings of butter on April 30, 1998, total 67.5 million pounds, 20.7% heavier than March but 22.2% less than April of last year. Natural American cheese holdings total 441.2 million pounds, 4.7% higher than last month and 2.9% more than April 1997.

According to AMS, during April, about 9.8 billion pounds of milk were marketed under Federal orders. Producer deliveries were about 0.2% less than April 1997, and about 1.9% more than March 1998 on a daily average basis. Milk utilized in Class I products in April was 1.8% less than last year on an adjusted basis. Class I use this year represented 37% of producer milk deliveries compared to 38% in February 1997. The average blend price was \$13.84 per cwt., \$0.72 more than last year. Changes in class prices from year-earlier levels were as follows: Class I, up \$0.86; Class II, up \$0.86; Class III, up \$0.57; and Class III-A, up \$0.78.

According to NASS, U.S. stocks of all hay on farms totaled 21.7 million

tons on May 1, 1998, up 25% from May 1, 1997. Disappearance of hay from December 1, 1997 - May 1, 1998 totaled 80.9 million tons, 7.5% lower than for the same period in 1996. Stocks of hay on May 1, 1998, were higher or unchanged compared to 1997 in 31 of the 48 estimating states.

Milk production has dropped from seasonal peaks in many of the Southern tier of states and is indicated to be at or near peak levels in the Northeast. Production is still increasing in the Upper Midwest and Northwest. Milk processors are expressing some concern over being able to handle surplus milk during the holiday weekend. Barring equipment problems, most areas expect little to no difficulties. Cream interest is fair to good despite strong seasonal butter prices. Ice cream producers are concerned about the strength of the fat market this early in the year.

Nonfat dry milk prices are unchanged in all regions and the market tone remains weak. Offerings are excessive of trade needs in all areas and several producers continue to clear sizable volumes to the CCC. Buttermilk prices and demand are steady. Some additional interest is developing from ice cream producers, but demand is better for condensed buttermilk. Dry whey prices are higher in the Midwest and East, while lower in the West. Supplies and offerings are higher than in prior weeks in the West and producers are discounting to clear product. Lactose and WPC markets are steady with some unsettledness noted.

During the week of May 18 - 22, CCC net purchases totaled 8,914,935 pounds of NDM under the price support program from Central and Western producers.

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BUTTER MARKETSCHICAGO WHOLESALE

Dollars per pound, trucklot, bulk in fiber boxes, delivered metropolitan area, prices include CCC purchase price whenever bulk butter is moving to CCC from the Midwest area.

GRADE	MAY 19	MAY 21	MAY 22
AA	\$1.4900 - 1.5000	\$1.4900 - 1.5000	\$1.4900 - 1.5000
A	\$1.4200 - 1.4300	\$1.4200 - 1.4300	\$1.4200 - 1.4300

NOTICE: Effective June 1, 1998, USDA and Dairy Market News will discontinue the Chicago Wholesale butter price series.

BUTTER HIGHLIGHTS: In cash trading at the Chicago Mercantile Exchange, all grades of bulk butter are sharply higher. The market tone is firm. Buying interest has improved, especially in resort and vacation areas, where buyers prepare for the upcoming holiday and the unofficial opening of the summer vacation season. Stocks of bulk and print butter are sufficient for current needs. If available, additional stocks are being secured and held with confidence for future use.

CHEESE MARKETSWISCONSIN ASSEMBLY POINTS

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers, prices include CCC purchase price whenever cheese is moving to CCC from the Midwest area.

CHEDDAR STYLES	MAY 18 - 22, 1998
BARRELS*	\$1.2000 - 1.2200 (NOMINAL)
40# BLOCKS	\$1.2500 - 1.2600 (NOMINAL) (.0300) (.0200)

() Change from previous week. * If steel, barrel returned.

CHEESE HIGHLIGHTS: The cheese market is steady to firm. At the Chicago Mercantile Exchange, in light trading, barrels advanced 1 cent to \$1.2100 and 40 pound blocks increased 2 cents to \$1.2500. Current demand is generally good as buyers rebuild inventories ahead of a possible additional price increase. Cheese production is heavy though yields are seasonally weak and strong competition for milk continues from butter/powder operations.

CHICAGO MERCANTILE EXCHANGEBUTTER TRANSACTIONS ON FRIDAY, MAY 22, 1998

(CARLOT UNIT = 40,000 - 42,000 LBS.)

GRADE	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION - LST
AA	+1600	\$1.6500 : BID 05/22/98
A	+2300	\$1.6500 : BID 05/22/98
B	+2300	\$1.6500 : BID 05/22/98

SALES: 16 CARS GRADE AA: 15 @ \$1.6500, 1 @ \$1.6475

BIDS UNFILLED: 39 CARS GRADE AA: 1 @ \$1.6500 (LST),
1 @ \$1.6250, 6 @ \$1.6200, 1 @ \$1.6100, 6 @ \$1.6000, 5 @ \$1.5500,
1 @ \$1.5400, 1 @ \$1.5200, 5 @ \$1.5100, 6 @ \$1.5000, 6 @ \$1.4900

2 CARS GRADE A:

1 @ \$1.6500 (LST), 1 @ \$1.6000

2 CARS GRADE B:

1 @ \$1.6500 (LST), 1 @ \$1.6000

OFFERS UNCOVERED: 3 CARS GRADE AA:
1 @ \$1.6600, 1 @ \$1.6800, 1 @ \$1.7500

CHEESE TRANSACTIONS ON THURSDAY, MAY 21, 1998

(CARLOAD UNIT = 40,000-44,000 LBS.)

CHEDDAR STYLES	PRICE CHANGE	LAST SIGNIFICANT TRANSACTION
BARRELS	+0100	\$1.2100 : BID 05/21/98
40# BLOCKS	+0200	\$1.2500 : BID 05/21/98

SALES: 1 CAR BARRELS @ \$1.2000

BIDS UNFILLED: 7 CARS BARRELS:
6 @ \$1.2000, 1 @ \$1.2100 (LST)
6 CARS 40# BLOCKS:
4 @ \$1.2425, 2 @ \$1.2500 (LST)

OFFERS UNCOVERED: NONE

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE 1/

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish and Eggs	
	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>	CPI <u>2/</u>	Pct. Chg. <u>3/</u>
FEB 1998	159.4	1.9	147.7	1.0	146.3	1.6	148.3	-0.3	126.2	16.1	147.5	-0.9
MAR 1998	159.7	2.0	148.4	1.6	147.0	2.2	150.1	1.4	129.4	12.9	147.2	-0.4
APR 1998	159.3	2.0	148.5	1.9	146.3	2.6	149.9	1.1	125.0	7.9	146.3	-0.9
U.S. City Average Retail Prices												
Month	Whole Milk <u>4/</u>		Lowfat Milk <u>4/</u>		Butter <u>5/</u>		Process Cheese <u>6/</u>		Natural Cheese <u>7/</u>		Ice Cream <u>8/</u>	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
	Dollars											
FEB	2.653	2.632	2.589	2.481	2.321	2.056	3.475	3.471	3.507	3.500	2.998	2.928
MAR	2.658	2.632	2.589	2.437	2.421	2.135	3.572	3.514	3.477	NA	2.969	2.920
APR	2.668	2.606	2.589	2.372	2.336	2.177	3.535	3.534	3.499	NA	3.060	2.903

* NA Not available. 1/ "CPI Detail Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. 2/ The standard reference base period for these indexes is 1982-1984 = 100. 3/ Percent change over previous year. 4/ Per gallon. 5/ Per pound. Grade AA, salted, stick butter. 6/ Per pound, any size and type of package. 7/ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). 8/ Per 1/2 gallon, prepackaged regular.

PRINT BUTTER MARKETS - GRADE AA**NORTHEAST**

Prices are unchanged and the market tone is steady to firm. However, there is still some nervousness associated with the butter/fat market. Contacts had expected prices to move lower and they have not. In fact, prices of the lower Grades have increased slightly. Demand for butter is mixed. More people seem to be putting it away as a hedge against possible summer shortages, but sales to users and retail outlets are just fair. Some improved demand in resort areas has been noted for anticipated Memorial Day weekend needs. Production levels are moderate to heavy as cream and milk supplies have eased slightly from past weeks' levels.

WHOLESALE PRICES: MIN 25 BOXES
DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	:	1.7000-1.9475
1 LB. PRINTS	:	1.6150-1.7975
CHIPS/PATTIES	:	1.6775-1.8850
REDDIES	:	1.7525-1.9475
CONTINENTALS	:	1.8325-2.0075

CENTRAL

Print butter prices are unchanged with a firm undertone. Much of the butter industry continues to adjust to the higher prices of the past few weeks. In light of recent price firmness, most butter producers and handlers are holding onto or acquiring available volumes of butter for future uses. Current buying interest ranges from fair to good. Resort and vacation area buyers are preparing for the upcoming holiday weekend, which is the unofficial start of the summer vacation season. Stocks of butter are reported to be sufficient for current needs. Churning schedules are mixed, ranging from lighter than desired to near capacity.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, \$ PER POUND

1/4 LB. PRINTS	:	1.5900-1.9975
1 LB. PRINTS	:	1.5550-1.7175
CHIPS/PATTIES	:	1.5800-1.7900
REDDIES	:	1.6650-1.9000
CONTINENTALS	:	1.8200-2.0100

WEST

Western print prices are holding steady in active trading. Print sales have picked up due to the upcoming holiday weekend and the general summer vacation season. Bulk sales continue strong. Western producers are occasionally able to now plus the base price for bulk heading back to the Midwest with the buyer having to cover the freight. Contacts are wondering just how strong the market will get this year with the May futures price increasing 12 1/2 cents on May 18. Butter output ranges from steady to increasing slowly on a normal seasonal trend. Current stocks range from tight to short of full trade needs. Cream demand is good, but the summer rush for ice cream needs is not full blown yet.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES
150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.7725-1.8400
1 LB. PRINTS	:	1.6975-1.7675
PATTIES	:	1.7450-1.9100
REDDIES	:	1.8700-1.8875

FOB CALIFORNIA PLANTS - GRADE AA
100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	:	1.4875-1.5375
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

BUTTER : CHEESE

	:	
05/18/98	14,522	: 113,160
05/01/98	10,479	: 111,493
CHANGE	+4,043	: +1,667
% CHANGE	+ 39	: + 1

NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	40# BLOCKS			640# BLOCKS		BARRELS (adjusted to 39% moisture)		
	MN/WI	WEST	U.S.	U.S.		MN/WI	OTH STATES	U.S.
MAY 15	1,431,414	4,352,539	6,132,800	1,281,217		4,579,020	7,278,495	11,857,515

Further data and revisions may be found on the Internet at: <http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/>

CHEESE MARKETS

NORTHEAST

Prices are unchanged to higher on natural items; unchanged on Swiss and process. The market tone is mostly steady. Production levels remain quite heavy in the Northeast, but fluid milk supplies are not as heavy as a couple weeks ago. Producers' stocks are also heavier, but most are comfortable with current inventories. With prices relatively low, more cheddar is being put into aging programs. Retail demand is just fair and food service orders are steady to improved. Improvement is noted at the shore or other resort areas as this weekend marks the unofficial beginning of summer and food stands open for the season.

Notice: Last week's Single daisies price range should have been \$1.2675-1.6975.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.2975-1.7125
Cheddar Single Daisies	:	1.2675-1.7175
Cheddar 40# Block	:	1.3675-1.5175
Process 5# Loaf	:	1.4100-1.5375
Process 5# Sliced	:	1.4300-1.5950
Muenster	:	1.4000-1.8550
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

MIDWEST

The cheese market is steady to firm. Most buyers continue to try to rebuild inventory, expecting possible higher prices as summer continues. At the Chicago Mercantile Exchange on May 14, barrels were steady at \$1.2000 and 40# blocks increased 2 cents to \$1.2300. Orders for Memorial Day weekend have cleared the processor/packager pipeline and some orders are being filled for upcoming June Dairy Month promotions. Process interest is mixed, ranging from fair to generally good. Barrel sales are good with at least a couple producers having to cut orders slightly. Cheddar blocks for planned fall aged cheddar programs are being stored with more confidence at current prices. Swiss prices, for those producers that had not changed earlier, are declining to reflect lower milk prices. Swiss stocks remain on the long side for most producers despite lower prices. Cheese yields have slipped at many locations due to lower fat and protein levels on incoming milk supplies. Milk intakes are steady to generally slightly higher, depending on location. Most plant operators are expecting to operate on extended schedules as bottler requirements' ease entering Memorial Day weekend and the start of schools closing for the summer.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4975-1.6400
Brick And/Or Muenster 5#	:	1.5700-1.7025
Cheddar 40# Block	:	1.4950-1.9150
Monterey Jack 10#	:	1.6950-1.9150
Blue 5#	:	1.8375-2.1100
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5800-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.4850

WEST

Swiss and process prices are holding steady and natural prices increased as much as two cents. Barrel sales to processors are good, but they are coming under some pressure from sales of undergrade product into the process cheese industry. Current blocks are clearing, but some buyers are holding off a bit on making extra purchases to see if the holiday weekend, the spring flush, and schools closing for the summer recess will have much impact on cheese production and maybe pricing. Swiss sales remain steady at best, often slower than desired. Mozzarella continues to move well.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.3950-1.6400
Cheddar 40# Block	:	1.4125-1.6000
Cheddar 10# Cuts	:	1.6525-1.7250
Monterey Jack 10#	:	1.6075-1.7150
Grade A Swiss Cuts 6 - 9#	:	2.2800-2.3700

FOREIGNTYPE

Prices on many domestic styles are 2 cents higher. There have been no reported changes on imported cheese. The market tone is seasonally slow to fair. Some improved orders have been noted as resort area outlets prepare for Memorial Day and the beginning of the summer vacation/tourist season. Stocks of most types of cheese are adequate to meet current needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.5650-2.1750*
Gorgonzola	: 3.2400-5.9400	: 2.2200-2.4950*
Parmesan (Italy)	: TFEWR	: 2.9750-3.0150*
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.2375-1.7650*
Romano (Cows Milk)	: -0-	: 2.7625-3.1050*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

During April, milk production in the 20 major states totaled 11.6 billion pounds, up 1.0% from April 1997. The following are the April-to-April changes for selected states: Kentucky -4.8%, Florida -3.8%, Texas -3.0%, New York -0.4%, Pennsylvania +4.8%, Vermont +4.2%, and Virginia +2.5%. Northeastern Milk Market Administrators announce April 1998 uniform (blend) prices: Federal Order (F.O.) 1 is \$13.96; F.O. 2, \$13.50; F.O. 4, \$14.27; F.O. 36, \$13.77; and Western NY Milk Market Area, \$13.58. This week, milk production is steady to lower in most areas of the East. It appears that output has reached the peak in the Northeast as warmer than usual temperatures have accelerated the timing of pasture growth, field work, and the milk flow. Hot weather in Florida, other Southeast states, and into the Middle Atlantic area has slowed milk output. Temperatures in the 90's are common and the milk flow is sliding noticeably in many areas. Fluid milk supplies are still excessive of the steady bottled milk demand. Some slow down in bottling schedules for the long, Memorial Day weekend was noted, but any additional surplus milk is being handled with ease. Florida handlers shipped some milk out early in the week and, later in the week, they brought in milk from normal supply/pool sources in nearby states. Manufacturing plant contacts report lighter receipts and most now have capacity for the upcoming holiday weekend. Contacts that had expected to be shipping milk to other plants during the flush are finding that they are able to process their own milk. Memorial Day weekend has historically been one of the most difficult weekends of the year for milk processing. This year, barring mechanical problems, contacts seem well prepared to handle any additional volumes that may be available. The condensed skim market is unchanged. Offerings are moderate, maybe a little lighter, and spot demand is slow. Prices are steady and mostly in the lower half of the range. The fluid cream market is firmer. Offerings have been reported as tight so far this week. Some extra offerings are expected late in the week, but suppliers feel they will have little difficulty clearing them. Demand is good, but ice cream makers continue to balk at current prices. This week's hot weather in the major urban areas spurred sales of soft serve ice cream and mix makers were looking for additional cream. This increased demand seemed to push multiples higher. Production of hard ice cream is mostly steady, but these producers are also very concerned about the current, unseasonably high cost of fat. Cream cheese makers are also showing a little price resistance. Churning activity is often lighter, but still moderate.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	- 1.8886 - 2.0448
Delivered Equivalent Atlanta	- 1.8176 - 2.0615 M 1.8744 - 1.9880
F.O.B. Producing Plants: Upper Midwest	- 1.9170 - 2.0164

PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	- .9000 - 1.1000
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M I D W E S T

WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
MAY 15 - 21, 1998	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1997	0

Class I demand is steady to often lighter, reflecting the closing of some schools, mainly colleges, for the school year and often lighter schedules at others. Milk supplies remain seasonally heavy. Manufacturing milk supplies were about steady to lighter from recent weeks through midweek, but handlers anticipate heavier volumes during the holiday weekend. Reported spot surplus milk prices prior to the holiday are \$0.50 to \$1.00 below class/MCP. Early holiday sales of \$1.50 - \$2.00 under class have been made in anticipation of possible really distressed fluid during the holiday if plant breakdown(s) occur. Cream demand for whipped cream, dips, and ice cream accounts is very good, bolstered by summer like temperatures and humidity late last week and early

this week and anticipated holiday orders. Cream prices are unchanged to occasionally higher. Milk receipts are declining in areas around Missouri and Tennessee where higher temperatures and humidity have held up longer. In Wisconsin and Minnesota, the consensus is that the annual production peak has probably not been reached yet, though it is probably not far from the peak, and may occur a week or so earlier than usual. Michigan may have already hit its milk peak for the year after recent heat and humidity have receipts slightly lower. The initial April estimates for milk production in selected Midwestern states compared with April 1997 are: Wisconsin 1.888 billion pounds, up 33 million pounds (1.8%); Minnesota 784 million pounds, down 4 million pounds (0.5%); Michigan 451 million pounds, off 3 million pounds (0.7%), and Iowa 347 million pounds, up 12 million pounds (3.6%). Most corn and a good share of the other spring crops have been planted, though wet spots have hampered farmers in some locations. Some early hay/haylage has been cut and/or made.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MAY 14 - 20	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.00- 41.00	\$ 38.00- 43.50
REPLACEMENT HEIFER CALVES	\$ 120.00-155.00	\$ 100.00-145.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MAY 14 - 20	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.00- 41.25	\$ 38.00- 44.00

W E S T

U.S. milk production in the 20 states surveyed totaled 11.6 billion pounds in April, 1.0% higher than April 1997. March 1998 production was revised lower to 0.7% above 1997 levels. (March California production was lowered 88 million pounds, reflecting a change from +2.9% to a revised -0.8%. This amount, factored alone, dropped the 20 state total by -0.76%). Cow numbers in April were 7.731 million head, down 32,000 (-0.4%) from a year ago. Milk per cow was 1.5% higher. April output in the five Western states surveyed compared to 1997 is: Arizona, -3.2%; California, -0.9%; Idaho, +11.9%; New Mexico, +8.6%; and Washington, -1.6%. Better weather conditions are helping to ease and sometimes reverse milk production declines caused by wetter weather the last few weeks. The milk production trends in California are being reflected in the NASS Milk Production Report. Declines of 0.8% for March and 0.9% for April were in line with what plant receipts were indicating. Several contacts point out that, after wet weather early in the year, 1997 production conditions were good to ideal and that 1998 declines are not that big a concern. April milk production per cow in California was down 4.5%; Arizona, down 5.1%; and New Mexico, +1.5%. Production declines were also along anticipated levels in Arizona. Wet conditions continue to impact milk output and are still below year ago levels. New Mexico production is at or near seasonal peak levels. Feed availability and prices are conducive to strong milk output, but the decline in milk prices has producers concerned. Cream demand is good. Offerings are less plentiful than in recent weeks. Ice cream usage has increased. There is talk that butter prices could increase further and May butter futures increased to \$1.62 this week. This could affect cream prices and demand. Multiple are wide ranging depending on usage and span from 125 to 138. Weather conditions are much cooler and wetter in the Pacific Northwest. Heavy rains and little drying are common. Direct milk production has not been affected all that much. The real concern is with the first cutting of hay. Much of it was in the swath when the rains started. Some growers are hoping for the rain to cease before they cut, but the alfalfa is getting older every day and some is past the maturity for optimal feed value. Pastures are again getting out of control because the rate of growth is faster than cows can efficiently graze it off. Some corn is planted and is out of the ground, but much of the crop is still in the seed bag. Growers are concerned that, as days pass, yields will suffer. Rain and cooler than normal temperatures are keeping the alfalfa crop in Utah and Idaho from maturing early. Milk production is very strong seasonally. Manufacturing plants are handling the spring flush in an efficient manner up to this point. The holiday weekend, along with the imminent closing of schools for the summer break, will stress the situation further.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 05/21/98 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are steady and the market tone remains weak. A few spot sales were reported for low heat powder, but overall activity is sluggish. Offerings below the range have been rumored as some producers try to diminish inventories. Production levels are heavy with the increasing availability of manufacturing milk. During the week of May 11-15, Central producers offered 1,018,296 pounds of NDM to the CCC under the price support program.

NOTICE: Due to changes in market structure and the declining number of spot trades, Dairy Market News will discontinue reporting high heat NDM in the Central NDM price range after the week ending May 22.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.0200 - 1.0525 MOSTLY: 1.0275 - 1.0375

DRY BUTTERMILK - CENTRAL

Prices and the market tone remain steady. Buyer interest is light and spot sales are limited. Ice cream manufacturers are the major buyers of buttermilk at this time. Contracted accounts are moving well. Production levels are moderate and producer stocks are adequate for needs.

BUTTERMILK: .9325 - .9675

DRY WHEY - CENTRAL

Prices are fractionally higher on the range, but the mostly is unchanged. The market tone is unsettled. Demand ranges from unaggressive to slightly improved. However, most sources comment that overall sales are slower than last week. End users are selectively purchasing as many are uncertain of the market direction. Some foresee continued firmness in prices while others are looking for lower prices. Producer offerings are very limited this week. Many are sold out while others have only a few extra loads to offer for spot sales. The majority of powder lies in the hands of the resellers at premium prices. Production levels are strong as milk supplies are plentiful and increasing.

NONHYGROSCOPIC: .2200 - .2425 MOSTLY: .2225 - .2325

ANIMAL FEED WHEY - CENTRAL

Prices for milk replacer and standard are higher; roller ground and delactose are unchanged. All prices are nominal. Buyer interest remains slow in the veal and hog markets. Contacts report a declining trend in the veal industry as some feeders exit the business. This is negatively affecting some producers' sales volumes. Slaughter hog prices are slowly increasing, but remain noticeably lower than last year's figures. Pet food sales are beginning to weaken as warmer temperatures decrease eating habits. The delactose market is unchanged and sales are steady.

MILK REPLACER:	.1900 - .2150
STANDARD:	.1750 - .2050
ROLLER GROUND:	.2400 - .2450
DELACTOSE (Min. 20% protein):	.3400 - .3675

LACTOSE - CENTRAL AND WEST

Prices are steady with a weak market undertone. Interest is limited and supplies are currently surpassing demand. Stocks are building at many locations as a result of light domestic sales and the continued Asian recession. Offers of feed grade lactose are abundant at discounted prices. Production levels are higher and inventories range from moderate to heavier than desired.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1800 - .2600 MOSTLY: .2050 - .2150

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices and the market tone are unchanged. Trading activity is light. Many end users are comfortable with inventories and have withdrawn from the market. Contract loads are moving at a steadier pace. Increasing amounts of liquid WPC are entering the market as dryer space is limited. Feed grade WPC also continues to be offered at attractive discounts. Production levels are strong and dryers are running full time at many plants.

EXTRA GRADE 34% PROTEIN: .5700 - .6200 MOSTLY: .5975 - .6025

NONFAT DRY MILK - WEST

Prices are unchanged on both price ranges. The market undertone remains weak. Domestic demand is very flat. Buyers are purchasing little extra beyond contract and very short term needs. Condensed skim demand remains good as prices are better than NDM in California. Additional DEIP orders are being filled for prior uncommitted volumes. Demand is better for high heat powder and supplies are in better balance. Many producers are better able to control production and thus stocks of high heat. Some contacts are concerned over lower priced product being offered. Resellers who buy under contract are often finding themselves between a rock (selling at a loss) and a hard place (storing NDM). While low prices are often hard to verify, some hefty competition is in the marketplace. Stocks continue to be in excess of current needs and substantial offerings continue to the CCC. During the week of May 11 - 15, Western and Central producers offered nearly 8.5 million pounds of NDM to the CCC under the support program.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0100 - 1.0350 MOSTLY: 1.0200 - 1.0300
HIGH HEAT: 1.0450 - 1.0550

DRY BUTTERMILK - WEST

Prices are unchanged but the market tone remains unsettled. Buying interest is still generally light with buyers taking more condensed buttermilk for their needs. Ice cream usage is indicated to be increasing weekly. Contacts are expecting better demand for dry but are not seeing any increased interest at the present time. The upturn in butter prices should continue to increase butter production. Also, with higher cream prices, dry buttermilk should be a better priced substitute in some formulations. Stocks are holding steady in the light to moderate range.

BUTTERMILK: .9000 - .9400 MOSTLY: .9100 - .9300

DRY WHEY - WEST

Western whey prices declined fractionally as stocks continue to build. More manufacturing contacts report that inventories are increasing faster than anticipated and some are having to go to outside storage to find enough space. Other producers report a more balanced situation. Reducing prices is generating additional sales activity. Export sales are continuing, but volumes are lower and some price concessions are occurring. Lower prices should reduce the competitive advantage that some Midwestern producers were realizing recently when competing for sales that have normally gone to Western producers. Production is increasing seasonally.

NONHYGROSCOPIC: .2175 - .2400 MOSTLY: .2200 - .2300

CALIFORNIA MANUFACTURING PLANTS

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended May 15, on powder sales of 6,382,713 pounds f.o.b. California manufacturing plants was \$1.0370 per pound. This compares to 9,431,948 pounds at \$1.0345 for the previous week ending May 8, 1998. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are unchanged and the market tone is weak. Production levels are lighter this week. Butter/powder plant receipts are lower as milk production has taken a down turn. Some producers are making more high heat powder now that they have some dryer time/capacity. Plant stocks are heavy and accumulating although at a slower rate than a week or two ago. Domestic demand is slow. Some new DEIP reallocations have been awarded and Eastern producers report having contracts to fill some of these reallocated bid acceptances. Last week, an Eastern producer offered 88,000+ lbs. of NDM to CCC as an approval for their cap-sac bags.

Includes EXTRA GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST: 1.0200 - 1.1100 MOSTLY 1.0300 - 1.0500
DELVD SOUTHEAST: 1.0550 - 1.0825

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices and the market tone are steady. However, with the high cost of butterfat, some ice cream makers are taking a renewed interest in buttermilk powder because of its fat content. Production levels are moderate to a little heavier now that fluid milk volumes have eased and dryers have more time to run buttermilk. Plant stocks are quite well balanced.

F.O.B. NORTHEAST: .9400 - .9600
DELVD SOUTHEAST: .9400 - 1.0025

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are mostly steady and plant stocks are well balanced with needs. Buying interest is mostly contractual as spot interest remains slow to fair.

F.O.B. PRODUCING PLANT: 1.2075 - 1.3800

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 1997 THROUGH MAY 15, 1998
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	92,216 MT (203,371,441 LBS)
WHOLE MILK POWDER	--	7,487 MT (16,505,840 LBS)
Program allocations filled		
CHEESE	--	3,410 MT (7,516,686 LBS)
CHANGE	--	37 MT (81,570 LBS)
BUTTERFAT	--	15,648 MT (34,497,580 LBS)

Allocations for the DEIP year beginning July 1, 1997, are:
Nonfat dry milk - 92,217 MT; Whole Milk Powder - 7,487 MT;
Cheese - 3,510 MT; Butterfat - 34,232 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are mostly higher, but the market tone is unchanged. Production levels remain moderate to heavy. Contacts reports that condensed whey is readily available, but finding a dryer with capacity to dry it is very difficult. Instances of field spreading liquid whey have been reported, but unconfirmed. Demand is still slow to fair. The market is sending mixed signals. Production levels are up seasonally and demand is seldom better than fair, but producers' inventories are reported as light and prices have often moved higher. However, recent price increases in other regions did stimulate some additional interest for spot sales. Reports of hot, humid weather affecting drying efficiencies have been noted.

F.O.B. NORTHEAST:	EXTRA GRADE	.2275 - .2325
	USPH GRADE A	.2375 - .2450
DELVD SOUTHEAST:		.2425 - .2650

ANIMAL FEED WHEY - NORTHEAST

Prices remain too few to report. The market tone is unchanged. Offerings are adequate to meet the slow to fair demand. Animal feed makers are taking only contracted volumes, but recent price increases did stimulate some interest. They continue to wait to see if prices will move higher.

F.O.B. NORTHEAST:	MILK REPLACER	TFEWR
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EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are steady to lighter as surplus milk volumes decreased from peak levels. Producers' inventories are growing now that milk prices are lower. Demand is steady and mostly for fill-in needs. The Kansas City Commodity office announced the issuance of EVD-1, invitations 450, 451, and 452 inviting competitive offers to sell to CCC 1,615,680 pounds of evaporated milk for shipment in June 1998, 1,799,280 pounds in August, and 1,542,240 pounds in September, respectively.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES
\$22.50 - 33.00
Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein prices remain unchanged. The market tone is steady, although the undertone is weak. Stocks of both rennet and acid are reported to be readily available for current needs. Buyers state that shipments are being received on schedule. Stocks in sourcing countries are sufficient to fill U.S. buyer interest. Oceania output has now basically ceased while European sources are gearing up seasonally.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.0800 - 2.1600
ACID:	2.0000 - 2.1000

MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated.

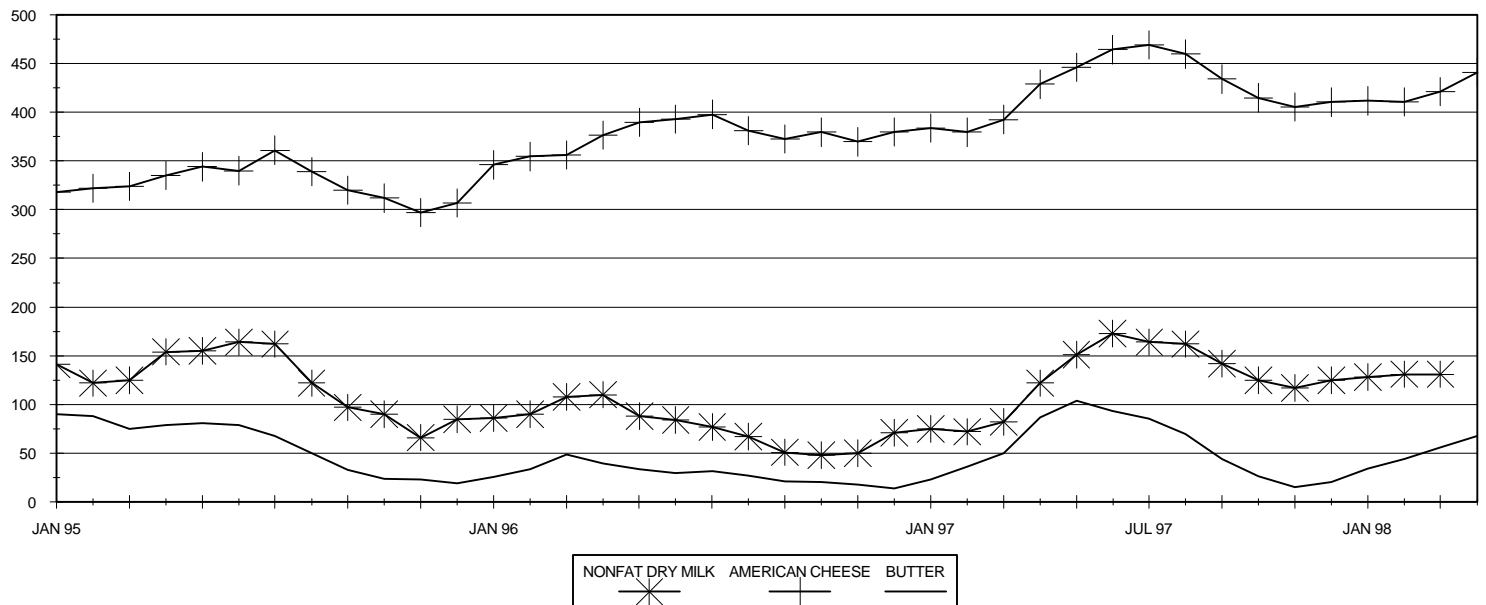
U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	MAR 31, 1996	MAR 31, 1997	REVISED MAR 31, 1998	APR 30, 1996	APR 30, 1997	APR 30, 1998
Cream	1,359	---	---	1,412	---	---
Butter	48,704	50,286	55,919	39,764	86,762	67,500
Evap. & Cond. Milk	939	---	---	887	---	---
Cheese, Natural American	356,336	392,486	421,192	525,503	428,671	441,160
Cheese, Swiss	11,234	12,809	13,569	10,362	11,896	12,506
Cheese, Other Natural	130,740	111,735	84,624	138,532	555,429	90,612
GOVERNMENT OWNED COLD STORAGE HOLDINGS FOR THE U.S.						
Butter	1,308	364	256	2,524	466	398
Natural American Cheese	116	77	199	87	43	171

APRIL COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter			Other Natural Cheese		
	1996	1997	1998	1996	1997	1998*	1996	1997	1998
New England	14,436	20,063	22,798	5,500	10,360	---	118	205	162
Middle Atlantic	35,316	37,948	44,206	4,336	4,195	---	18,379	19,463	11,464
East North Central	212,650	234,379	245,835	6,847	40,635	---	106,397	81,187	69,865
West North Central	62,813	75,255	66,917	6,374	7,224	---	1,860	3,106	2,433
South Atlantic	240	247	466	1,470	1,555	---	5,239	4,437	561
East South Central	181	203	211	503	194	---	3,993	3,015	1,742
West South Central	973	2,325	205	8,929	521	---	83	144	468
Mountain	16,655	16,327	11,082	1,629	361	---	1,882	964	573
Pacific	33,345	41,924	49,440	4,176	21,717	---	581	2,341	3,344
TOTAL	376,609	428,671	441,160	39,764	86,762	67,500	138,532	114,862	90,612

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

COLD STORAGE HOLDINGS 1995 TO DATE
COMBINED GOVERNMENT AND COMMERCIAL

MILLION POUNDS



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1997 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total 1/		Commercial		Government		Total 1/		Commercial		Government		Total 1/ 2/		Commercial		Government 2/	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
	Million Pounds						Million Pounds						Million Pounds					
January	34	23	34	23	3/	3/	412	384	412	384	3/	3/	128	75	104	75	24	3/
February	44	36	44	36	3/	3/	411	379	411	379	3/	3/	131	72	105	72	26	3/
March	56	50	56	50	3/	3/	421	392	421	392	3/	3/	131	82	95	81	36	3/
April	68	87	67	86	3/	3/	441	429	441	429	3/	3/		122		121		3/
May		104		103		1		446		446		3/		151		151		3/
June		94		93		3/		464		464		3/		173		173		3/
July		86		85		3/		469		469		3/		164		161		3
August		69		69		3/		459		459		3/		162		156		5
September		44		43		3/		434		434		3/		142		134		8
October		27		26		3/		415		415		3/		125		111		14
November		15		15		3/		405		405		3/		117		95		21
December		21		20		3/		410		410		3/		125		103		22

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Mar 31, 1996	Mar 31, 1997	Mar 31, 1998	Apr 30, 1996	Apr 30, 1997	Apr 30, 1998
	Thousand Pounds					
Butter	47,396	49,922	55,663	37,240	86,296	67,102
Natural American Cheese	356,220	392,409	420,993	376,522	428,628	440,989

1/ Total holdings minus Government owned holdings. For more information, see page 7 of this report.

SOURCE: "Cold Storage," Co St 1 (5-98) and "Dairy Products," Da 2-6 (5-98), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Agricultural Stabilization and Conservation Service.

APRIL MILK PRODUCTION

Milk production in the 20 major states during April totaled 11.6 billion pounds, 1.0 percent above production in these same states in April 1997. March revised production, at 11.7 billion pounds was 0.7 percent above March 1997.

Production per cow in the 20 major states averaged 1,496 pounds for April, 22 pounds above April 1997.

The number of cows on farms in the 20 major states was 7.73 million head, down 32,000 head from April 1997 but up 6,000 from March 1997.

APRIL 1998 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	1997	1998	1997	1998	1997	1998	% CHANGE FROM 1997
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	127	130	1,980	1,880	252	244	-3.2
CA	1,315	1,364	1,795	1,715	2,360	2,339	-0.9
FL	162	162	1,455	1,400	236	227	-3.8
ID	265	285	1,560	1,620	413	462	11.9
IL	148	143	1,350	1,460	200	209	4.5
IN	140	140	1,310	1,390	183	195	6.6
IA	246	238	1,360	1,460	335	347	3.6
KY	145	136	1,145	1,160	166	158	-4.8
MI	306	302	1,485	1,495	454	451	-0.7
MN	590	570	1,335	1,375	788	784	-0.5
MO	172	158	1,285	1,345	221	213	-3.6
NM	199	213	1,705	1,730	339	368	8.6
NY	698	700	1,400	1,390	977	973	-0.4
OH	283	272	1,330	1,400	376	381	1.3
PA	639	636	1,445	1,520	923	967	4.8
TX	389	375	1,390	1,400	541	525	-3.0
VT	156	158	1,385	1,425	216	225	4.2
VA	123	120	1,300	1,365	160	164	2.5
WA	265	261	1,700	1,700	451	444	-1.6
WI	1,395	1,368	1,330	1,380	1,855	1,888	1.8
20 STATE TOTAL	7,763	7,731	1,474	1,496	11,446	11,564	1.0

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

SOURCE: "Milk Production," Da 1-1 (5-98), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

THE DAIRY SITUATION AND OUTLOOK*

Milk Production Sluggish. Milk production has run just slightly above a year earlier thus far in 1998, even with near-record winter milk prices. Less than favorable structural conditions and feed problems have kept milk production stagnant since late 1996. However, a substantial new expansion may be coming--if feed prospects continue bright. Asian economic woes and the resulting weakness in demand for U. S. feeds have helped ease dairy farmers' feed problems. Smaller exports, a mild winter, and an early spring caused alfalfa hay stocks to be less tight than expected. Good early forage growth in most growing areas indicate favorable prospects for this season. If weather stays favorable for 1998 crops, dairy ration prices could be substantially lower by late this year. Milk-feed price ratios are projected to be moderate this spring and summer, before turning favorable in late 1998 and 1999. If the forage base also is restored to health, growth in milk per cow could start to accelerate as 1998 progresses. Milk per cow is expected to increase slightly less than 2 percent in 1998, followed by a 2-percent rise next year. Returns over concentrate costs in 1998 are projected to increase 6 to 8 percent from 1997 but will stay well below the relatively strong returns of 1996. Another small rise is expected in 1999. Milk cow numbers are expected to decrease about 1 percent in 1998, with a slightly slower decline in 1999. Fractional increases in milk output are projected for this spring and summer, followed by 1-percent rises in late 1998 and 1999. Feed conditions are key to this expansion. Tight supplies of dairy-quality forage and high concentrate prices have been the major limiting factors since 1996.

Dairy Demand Mixed. Dairy product demand has been mixed. Sales of milkfat have been strong, even though milkfat prices have been high. Milkfat demand has definitely recovered from its weakness of 5 to 10 years ago. Sales of skim solids, in contrast, have been weak despite relatively attractive prices. Winter sales of products using both milkfat and skim solids were generally lackluster but not as weak as use of skim milk products. Expected growth in the economy and projected steady retail dairy prices should provide for strong dairy product sales. But the recent weakness indicates that use may not be as robust as would normally be expected. Sales of skim solids are projected to increase 1 to 2 percent in 1998 and in 1999, assuming that a significant share of the recent sluggishness resulted from less-than-normal seasonal rebuilding of pipeline inventories. Milkfat sales are expected to rise at a similar rate in 1998, before dropping back to about 1-percent growth in 1999 as the higher prices start to trim growth.

DEIP Changes To Help Exports. Contracts accepted to export nonfat dry milk and dry whole milk under the Dairy Export Incentive Program (DEIP) reached the announced total allocations for the July 1997-June 1998 period, as expected. Contracts for cheese also covered almost all of its allocation. USDA announced its intention to make those unshipped quantities for which contracts had been accepted (and counted against the limits) available for new contracts. For nonfat dry milk, this will enable exporters to continue to do significant DEIP business without the disruption of waiting for the July 1 start of a new commitment year. Contracts under DEIP are expected to continue at the fairly steady pace that has typified 1998 so far, with a sizable share of the contracts covering an extended delivery period. The major exception would be the uncertain prospects for Mexican purchases. Additional contracts for butter are unlikely because of the very tight domestic markets for milkfat.

Milk Prices Drop. The long-delayed seasonal declines in wholesale cheese prices began in late February and were large in April. Cheese prices are expected to stay near current levels into summer. Gains in milk production are projected to be modest, and butter-powder operations have a substantial advantage in competing for milk. Also, cheese movement should pick up quickly once prices stabilize, as pipeline holdings are rebuilt for second-half needs. The seasonal reckoning of cheese prices dropped the BFP \$1.31 per cwt. between February and April. The May decrease also will be large and a June decline is possible. If cheese prices stabilize as expected, the seasonal low in the BFP probably will stay above \$11 per cwt. If growth in milk production appears likely to accelerate, seasonal rises may be slow to develop this summer. A substantial seasonal increase is projected, but the peak may not match the January-February levels. Milk prices in 1999 are expected to be unchanged from 1998. Retail prices are expected to be steady to declining slightly during the rest of 1998. For the year, farm milk prices, the farm-retail price spread, and retail dairy prices are all projected to average just slightly above 1997.

* This summary was developed by the Market Information Branch, Agricultural Marketing Service, USDA, Washington, D.C.

Source: "Livestock, Dairy, and Poultry Monthly", LDP-51, May 20, 1998, Economic Research Service, USDA. For more information, contact James J. Miller, or Laverne T. Williams, (202) 694-5184.

FEDERAL MILK ORDER PRICE AND POOL HIGHLIGHTS

FEDERAL MILK ORDER MARKET SUMMARY FOR APRIL 1998. During April, about 9.8 billion pounds of milk were marketed under Federal orders. Producer deliveries were about 0.2 percent less than April 1997, and about 1.9 percent more than March 1998 on a daily average basis. Milk utilized in Class I products in April was 1.8 percent less than last year on an adjusted basis. Class I use this year represented 37 percent of producer milk deliveries compared to 38 percent in February 1997. The average blend price was \$13.84 per cwt., \$0.72 more than last year. Changes in class prices from year-earlier levels were as follows: Class I, up \$0.86; Class II, up \$0.86; Class III, up \$0.57; and Class III-A, up \$0.78.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF APRIL 1998										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1998 TOTAL	CHANGE FROM 1997	1998 TOTAL	CHANGE FROM 1997	1998	1997	1998	1997	1998
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
New England (Boston)	1	495.6	10.2	219.1	4.1	44	47	14.68	13.96	14.2
New York/New Jersey (NY City)	2	1,033.9	5.5	388.2	3.8	38	38	14.22	13.54	14.2
Middle Atlantic (Philadelphia-Baltimore/Washington, D.C.)	4	568.0	-4.9	219.3	-12.9	39	42	14.27	13.56	---
NORTHEAST REGION		2,097.5	3.5	826.6	-1.2	39	41	14.34	13.64	14.2
Carolina (Charlotte)	5	252.5	3.7	198.8	7.6	79	76	15.74	14.81	14.2
Southeast (Atlanta/Birmingham)	7	521.7	6.9	388.4	14.7	74	69	15.54	14.53	14.2
Florida Markets (Tampa /Jacksonville/ Tallahassee/Miami)	12 <u>4/</u>	261.8	-3.5	215.1	-0.6	82	80	16.29	15.41	14.2
SOUTHEASTERN REGION	<u>5/</u>	261.8	-3.5	215.1	-0.6	82	80	16.29	15.41	14.2
Michigan Upper Peninsula (Marquette)	44	5.6	-3.1	4.2	0	75	73	13.93	13.25	14.2
Southern Michigan (Detroit)	40*	359.3	-3.9	165.3	2.0	46	43	13.84	13.00	---
E. Ohio/W. PA (Cleveland/Pittsburgh)	36	285.8	-1.1	138.9	-3.6	49	50	13.77	13.07	---
Ohio Valley (Columbus)	33	292.4	10.6	132.7	-4.0	45	52	14.00	13.43	---
Indiana (Indianapolis)	49	177.6	7.0	98.5	-3.9	55	62	14.30	13.66	---
Chicago Regional	30*	1,363.4	-3.5	208.7	-2.4	15	15	12.71	12.06	---
Central Illinois (Peoria)	50	17.1	3.5	13.6	7.9	79	76	14.44	13.54	14.2
S. Illinois-E. Missouri (Alton)	32	184.5	-1.0	82.6	-3.6	45	46	13.95	13.18	14.2
Louisville-Lexington-Evansville	46	127.1	25.8	87.5	15.8	69	75	14.62	13.93	14.2
Upper Midwest (Minneapolis)	68*	924.0	1.3	132.3	-0.5	14	15	12.48	11.85	---
Iowa (Des Moines)	79*	344.3	28.9	82.6	0.9	24	31	13.00	12.45	---
Nebraska/W. Iowa (Omaha/Sioux City)	65*	193.2	33.5	55.3	8.7	29	35	13.27	12.76	---
Greater Kansas City/E. S. Dakota	64 <u>6/ 7/</u>	45.1	6.8	---	---	---	---	14.96	14.08	14.2
MIDWEST REGION	<u>5/</u>	3,802.9	0.9	1,032.1	-1.4	27	28	13.11	12.44	14.2

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF APRIL 1998										
FEDERAL MILK ORDER MARKETING AREAS <u>1/</u>	ORDER NO.	RECEIPTS AND UTILIZATION						PRICE AND BUTTERFAT DIFF.		
		RECEIPTS FROM PRODUCERS		RECEIPTS USED IN CLASS I		PERCENT USED IN CLASS I		BLEND PRICE <u>2/</u>		BUTTER-FAT DIFF. <u>3/</u>
		1998 TOTAL	CHANGE FROM 1997	1998 TOTAL	CHANGE FROM 1997	1998	1997	1998	1997	1998
		MIL. LB	PERCENT	MIL. LB	PERCENT	PERCENT		DOLLARS		CENTS
Southwest Plains (Oklahoma City)	106	273.7	2.3	103.8	-14.0	38	45	14.13	13.51	14.2
Texas (Dallas)	126	598.6	-8.0	264.1	-5.5	44	43	14.46	13.61	14.2
SOUTHWEST REGION		872.3	-5.0	367.9	-8.1	42	44	14.36	13.58	14.2
E. Colorado/W. Colorado (Denver)	137 <u>6/</u>	137.2	-11.0	67.7	2.1	49	43	14.17	13.21	14.2
SW. Idaho/E. Oregon (Boise)	135	139.9	-40.9	15.8	2.6	11	6	12.41	11.64	---
Great Basin (Salt Lake City)	139	174.8	-14.8	72.2	1.4	41	35	13.60	12.71	---
Central Arizona (Phoenix)	131	235.7	4.2	82.4	-4.2	35	38	13.63	12.99	14.2
New Mexico-West Texas (Albuquerque)	138	213.4	25.6	55.0	3.8	26	31	13.24	12.70	14.2
Pacific Northwest (Seattle/Portland)	124	552.0	-1.2	173.2	-0.7	31	31	13.39	12.68	---
FAR WEST REGION		1,453.0	-6.3	466.3	0	32	30	13.41	12.63	14.2
COMP MKT. AVERAGE OR TOTAL	<u>5/</u>	8,487.4*	-0.6*	2,908.0	-2.0	34	35	13.69	12.97	14.2
ALL-MKT. AVERAGE OR TOTAL	<u>7/ 8/</u>	9,778.2*	-0.2*	3,665.3	-2.0	37	38	13.84	13.12	14.2
YEAR-TO-DATE AVG./TOTAL										
Northeast Region		8,151.6	3.4	3,385.3	0	42	43			
Southeastern Region	<u>5/</u>	1,055.0	-2.9	889.3	0.5	84	81			
Midwest Region	<u>5/</u>	14,628.9*	16.0*	4,225.6	-2.2	29	34			
Southwest Region		3,242.4	-5.0	1,530.8	-4.8	47	47			
Far West Region		5,690.2	-7.7	1,889.8	0	33	31			
COMP MARKET AVERAGE OF TOTAL	<u>5/</u>	32,768.2*	5.2*	11,920.8	-1.4	36	39	14.05	13.05	---
ALL MARKET AVERAGE OR TOTAL	<u>7/ 8/</u>	37,851.6*	5.3*	15,020.8	-0.7	40	42	14.18	13.16	---

* Because of certain pricing situations in these markets, handlers elected not to pool an estimated 63 million and 32 million pounds of milk in April 1998 and 1997, respectively, that normally would have been pooled under these orders. The total estimated amount not pooled for this reason through the month of April are: for 1998, 440 million pounds; and for 1997, 2.4 billion pounds. If these volumes had been pooled, the following percent changes in producer deliveries would have resulted: for April, Midwest region +1.7; Year to date, Midwest region +1.1, comparable market average -0.8, and all-market average -0.2. 1/ Names in parentheses are principal cities and pricing points of markets. 2/ Prices are for 100 pounds of milk with a butterfat content of 3.5%. 3/ Amount by which the blend price is adjusted for each .1% that the butterfat content of a producer's milk varies from 3.5%. For example, if the butterfat content of the milk that a producer delivers to a regulated handler located in Boston (New England's market) is 4.0%, then the producer's blend price would be \$15.39. (4.0 minus 3.5 equals .5; 5 times \$.142 equals \$.710; \$14.68 plus \$.710 equals \$15.390.) 4/ Pool data are either a summation or weighted average of the Tampa Bay, Upper Florida, and Southeastern Florida marketing areas. The blend prices are for the Tampa Bay market. Blend prices for other markets are: Upper Florida: 1998, \$16.65; 1997, \$15.62; and Southeastern Florida: 1998, \$17.17; and 1997, \$16.18. 5/ Figures are based on the same group of comparable markets--markets where orders were in effect the entire period 1997-98 and for which the data were not affected significantly by marketing area changes. Data for Iowa and Greater Kansas City/Eastern South Dakota are no longer comparable; some of the data during this period could not be released without revealing individual business operations. Due to the termination of the Tennessee Valley order, the data for Carolina, Southeast, and Louisville-Lexington-Evansville are no longer comparable and were excluded, where applicable. Most of the milk that would have been pooled under the terminated order was pooled under these three orders. 6/ Figures represent a combination of data for the indicated markets except for the producer blend prices which are for the first market listed. Blend prices for other markets are: Eastern South Dakota: 1998, \$13.22; 1997, \$12.71; and Western Colorado: 1998, \$15.07; 1997, \$13.85. 7/ Class I receipt and utilization data for the Greater Kansas City/Eastern South Dakota area are excluded from all-market figures; see 5/. 8/ The data for 1997 includes the Tennessee Valley marketing area; see 5/.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF OF MAY 18 - 22, 1998			CUMULATIVE TOTALS			UNCOMMITTED INVENTORIES		
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD		
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/97	LAST YEAR	05/15/98	LAST YEAR		
BUTTER									
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE									
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	483,600	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	483,600	-0-	-0-	-0-	-0-
NONFAT DRY MILK									
Nonfortified	8,914,935	-0-	8,914,935	81,496,963	-0-	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	8,914,935	-0-	8,914,935	81,496,963	-0-	-0-	-0-	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	<u>BASIS</u>	<u>SOLIDS</u>		<u>BASIS</u>	<u>SOLIDS</u>
WEEK OF MAY 18 - 22, 1998 =	2.0	103.8	COMPARABLE WEEK IN 1997 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1997 =	17.9	948.6	CUMULATIVE SAME PERIOD LAST YEAR =	4.5	4.8
CUMULATIVE JANUARY 1 - MAY 22, 1998 =	16.2	857.2	COMPARABLE CALENDAR YEAR 1997 =	4.5	4.8

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES SINCE 10/1/97 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97
MIDWEST	-0-	-0-	-0-	483,600	7,382,984	-0-	9.1	100.0
WEST	-0-	-0-	-0-	-0-	73,915,620	-0-	90.7	0.0
EAST	-0-	-0-	-0-	-0-	198,359	-0-	0.2	0.0
TOTAL	-0-	-0-	-0-	483,600	81,496,963	-0-	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1998MANUFACTURING MILK: Average Test 3.67% - \$10.05 per cwt.; 3.5% - \$9.95DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1150; 500# Barrels \$1.0850; Process American 5# \$1.1675; Process American 2# \$1.2075NONFAT DRY MILK: Nonfortified \$1.0280; Fortified \$1.0380; Instant \$1.1855Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 05/02/98 & Comparable Week 1997 1/ 2/

Regions*											U.S. TOTAL		% DAIRY OF ALL			
: 1 : 2 : 3 : 4 : 5 : 6 : 7 : 8 : 9 : 10											: WEEK :	SINCE JAN 1:	WEEK :	SINCE JAN 1		
1998-Dairy cows	HD	(000)	: 0.3	1.4	5.2	4.4	18.5	2.5	2.3	0.9	9.3	3.1	47.9	993.3	44.9	48.7
1997-Dairy cows	HD	(000)	: 0.4	1.5	6.1	5.6	20.5	2.3	2.9	1.2	6.9	3.6	51.1	1,687.7	44.7	46.5
1998-All cows	HD	(000)	: 0.3	1.4	7.1	14.5	26.3	15.7	17.1	5.7	12.1	6.5	106.7	2,039.5		
1997-All cows	HD	(000)	: 0.4	1.6	8.4	16.9	27.5	14.0	19.4	8.6	9.8	7.7	114.2	2,296.0		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE INVITATIONS (POUNDS) 5/14

PROCESS	JULY DELIVERY	AUG DELIVERY	SEP DELIVERY	OCT DELIVERY	NOV DELIVERY	DEC DELIVERY
PROCESS 2# LOAF	1,148,400	633,600	594,000			
PROCESS 5# LOAF	1,267,200	594,000	831,600	435,600	831,600	514,800
PROCESS SLICED	1,663,200	1,504,800	1,148,400	1,108,800	1,346,400	1,227,600
MOZZARELLA						
MOZZARELLA	2,459,520	604,800	806,400	282,240	645,120	362,880
MOZZARELLA LITE	201,600	120,960	161,280	120,960		40,320
MOZZARELLA LITE SHRED	564,480	443,520	161,280	40,320	322,560	120,960
CHEDDAR						
BARRELS	1,560,000					
BLOCKS	439,450		79,900			
CUTS	239,701					
SHREDDED			153,600	119,850	Offers must be received by 5/26. Public notice will be 5/29.	
REDUCED FAT CUTS	513,450		119,850			
REDUCED FAT SHRED		153,600	384,000	230,400		
REDUCED FAT BLOCKS	79,900		119,850			

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/97 = 47,474,195

CUMULATIVE TOTAL NDM PURCHASES SINCE 10/1/97 = 85,979

BASIC FORMULA PRICE (BFP), MAY 1995* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79	12.83	12.96	13.29
1998	13.25	13.32	12.81	12.01								